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STATISTICAL BULLETIN

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THE CONFERENCE BOARD

comment

One of the most significant developments of 1979 was that the most widely heralded recession in history did not occur. Then again, the pace of economic activity last year was hardly robust. The weakness in consumer markets, a major concern at the beginning of the year, remained troublesome at year's end. And the strength in capital markets was being eroded by a slowdown in retail sales as well as by sharply higher borrowing costs. After all was said and done, it appeared that the economic outlook in early 1980 was remarkably similar to that of early 1979. Some analysts are suggesting now that the forecasts of recession for 1980 may suffer the same fate as those of last year.

Data on the *Key Determinants of Profit Margins* chart show that substantial increases in compensation per hour have, at best, matched high inflation. Real compensation per hour has been flat for much of the last 2½ years. Gains in consumer spending, then, have been acheived through sharply higher borrowing as well as significantly lower consumer savings. More recently, however, consumers have been cutting back on borrowing. The ratio of installment debt expansion to personal income had subsided to about 1% in December, 1979 compared with a 3% ratio at its peak in mid-1978. Consumer buying on credit, then, has dampened. Total retail sales, adjusted for inflation, have been essentially flat since last October.

Consumer attitudes, on the other hand, have brightened of late. The Conference Board's *Consumer Confidence Index* hit a low of 67.1 (1969-70 = 100) last July but had improved to 83.5 by November. Of particular note is the improvement in expectations of business conditions six months hence which registered higher this December than last.

At this time last year, we suggested consumer had neither the resources nor the inclination to step up their buying any time soon. And the weakness in consumer markets would sap the strength in capital markets. Since then, consumer borrowing has clearly diminished, but consumer attitudes do not appear to be steadily declining. Hence, the statement about weakness in consumer buying appears to be less valid at the present time. Additionally, there is some question about how much strength has gone out of business investment.

The Conference Board's *Capital Appropriations and Expenditures* model had forecast a decline in business investment for the fourth quarter of 1979. Like many others, this forecast may prove quite inaccurate. The series on orders for new plant and equipment was sharply higher in December than three months earlier. Business loans, likewise, were up substantially despite the highest borrowing costs in postwar history. Although profit margins have been shrinking, and interest rates rising, the market for plant and equipment appears to be maintaining its strength. If true, rather than seeing consumer market weakness erode strength in capital markets, the reverse could well develop: The momentum of capital markets may spark some new life in consumer goods markets.

Both industrial production and capacity utilization rates registered only modest declines in the last few months. This suggests that, given the trends in final demands, production cutback—except in the automotive industry—have so far been minimal.

Data on *Money Supply and Monetary Targets* show some moderation in the expansion of the money aggregates in both December and January. Still, the Federal Funds rate—the rate at which banks borrow excess reserves from each other—has continued to fluctuate around the 14% level during this period. Maintaining a restrictive monetary policy has benefitted from a slowing in the rate of consumer borrowing, but business loans have again started to rise substantially. Furthermore, the dollar's value dropped again in January. The trade-weighted average *Exchange Rate* against other major currencies that month was 17.4% below June, 1970 parities. Only a month ago, some analysts were suggesting that monetary policy was in a bind for being "too late to tighten, too early to ease." It still looks like it is too early to expect any easing of restraint. In addition, given the upturn in business loans, and the downturn in the value of the currency, there could yet be some further raising of interest rates beyond the record high levels already attained.

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The new proposals for fiscal 1981 have been incorporated in the *Perspective on the Federal Budget* table. The amount, or lack of stimulus these proposed taxing and spending plans are expected to have on the economy are shown in the *Fiscal Thrust* chart. The bottom line on all these numbers is that the proposed federal budget is not now stimulative. That is consistent with the announced objective of using fiscal discipline as a weapon in the fight to unwind a tightly coiled inflationary spiral. It is not, however, consistent with the objective of increasing real defense outlay. The procurement component of the proposed defense expenditure will not rise substantially for a year, at least, but its psychological effect is already evident. Despite the mildly restrictive stance of the budget proposal, the plain fact is that economic policy is in a condition of fundamental confusion, and understandably so. Correspondingly, which direction the economy is headed is equally unclear at the moment.

The index of *Leading Economic Indicators* continues to carry a declining trend classification, based on its movements over the last several months. Likewise, The Conference Board's *Principal Diffusion Index* has been dropping, which indicates that the strength remaining in activity has become steadily more concentrated. These numbers clearly suggest that further slowing in the pace of economic activity is likely.

The concensus of the *Economic Forecasts*, continues to be one of recession lasting through the first two quarters of 1980, followed by a period of adjustment—neither contraction nor expansion—in the third quarter, finally developing into a new growth phase of the business cycle in the year's final months. Some forecasts, including that from The Conference Board, however, have already abandoned the recession scenario. Others, with the ink on the computer runs barely dry, indicate that a revision in outlook has been initiated. Once again, those forced to forecast are being forced to forecast more frequently.

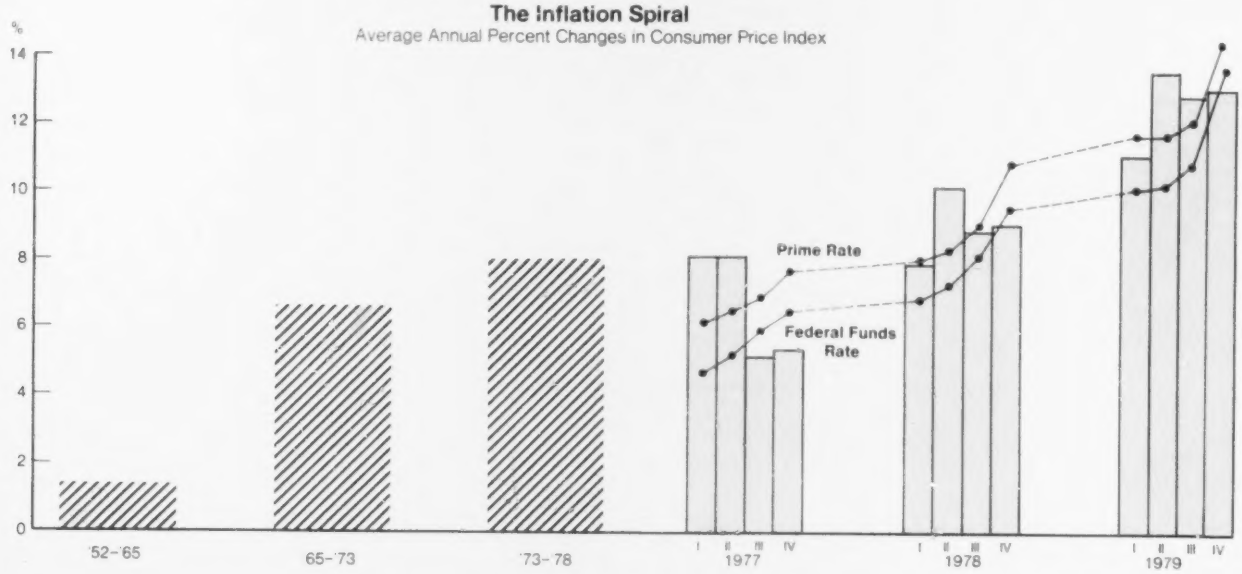
At the moment, the most likely alternative scenario has the economy suffering from very sluggish growth throughout the first half of the year. Starting around midyear, however, the strength in capital markets, some rejuvenation in consumer markets, the stimulative effect of higher defense outlays, continued improvement in exports—among other factors—can be expected to lift economic growth into a new expansionary phase of the busines cycle. That's the good news.

For more than a year and a half, an integral part of most forecasts has been a slowing in the rate of inflation, resulting from a slowing in the pace of activity. Inflation, as measured by the implicit price deflator for GNP, was still as high as 8.7% in the fourth quarter of 1979 (seasonally adjusted at an annual rate). The recession forecasts anticipate that the rate of inflation will slow to only about 8% (median forecast) by the second quarter of 1981. And even the most optimistic forecast has it declining no more than to about 7½ percent. Without a recession, slack in the most optimistic forecast has it declining no more than to about 7½ percent. Without a recession, slack in the economy will not be an important contributor to the control of inflation. In that event, inflation will not only resume an upward spiral at a higher rate, but could be expected to do so at an earlier date.

Ken Goldstein

The Inflation Spiral

Average Annual Percent Changes in Consumer Price Index



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Dec.			X	— 2.2%	— 4.3%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Dec.	X			+ 10.2%	+ 16.6%
New orders, nondefense capital goods (deflated)	Dec.	X			+ 2.9%	+ 14.3%
*Net business formation	Oct.		X		+ 0.5%	— 1.8%
*Housing permits	Dec.			X	—32.1%	—32.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Dec.			X	— 6.1%	—12.2%
*Change in inventory, on hand & order (deflated)	Nov.			X	—22.2%	—24.6%
Purchasing agents' buying policy	Jan.		X		+ 2 %	— 7 %
*Vendor performance, reported slower deliveries	Dec.			X	— 3.9%	—27.9%
Industrial raw materials prices	Jan.	X			+ 2.2%	+ 21.7%
*Change in sensitive prices	Nov.	X			+ 1.0%	+ 1.3%
Sensitive Financial Flows						
*Money balance (M2, deflated)	Dec.			X	— 1.5%	— 4.0%
Change in business loans	Jan.	X			+ 52.0%	+ 29.3%
*Change in liquid assets	Nov.		X		0.0%	— 0.1%
Change in consumer installment debt	Nov.		X		— 0.5%	—17.1%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q.	X			+ 3.8%	+ 9.0%
*Common stock prices	Jan.	X			+ 4.2%	+ 9.2%
Marginal Employment Adjustments						
*Average workweek, mfg.	Dec.		X		+ 0.1	— 0.4
Initial unemployment claims (inverted)	Dec.			X	— 6.5%	—25.2%
*Layoff rate, mfg. (inverted)	Dec.		X		0.0%	+ 0.3%

Note: For historical data of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Business Conditions Digest*, (Washington, D.C.: Government Printing Office, July, 1978, p. 100. For a description of the index, see November, 1975, page V)

*These twelve series make up the composite leading index charted below.

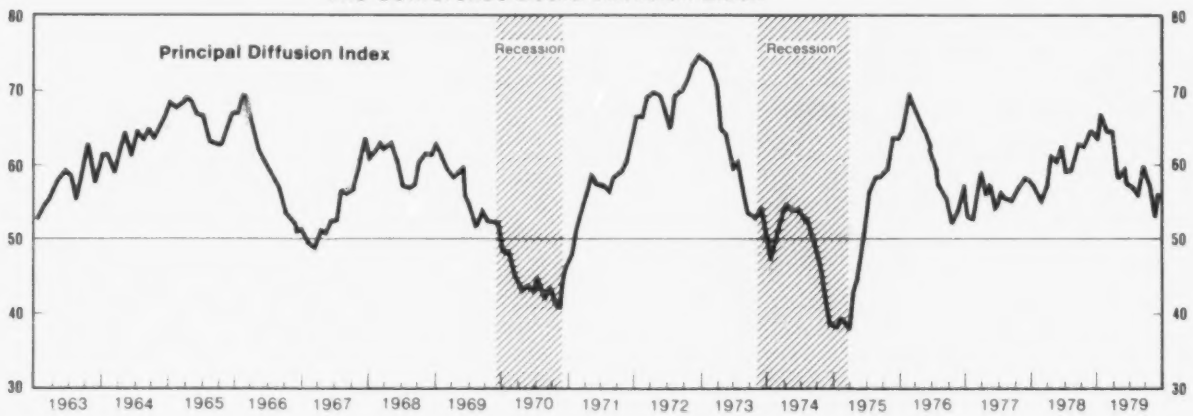
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1978 Dec.	1979 Sept.	Oct	Nov.	Dec.(e)
Principal Diffusion Index	67.3	59.9r	57.2r	53.3r	56.1
Auxiliary Diffusion Index	44.8	62.6r	41.3r	37.4r	59.1
Industrial Group	69.4	51.3r	48.3r	44.4r	48.8
Nonindustrial Group	65.3	68.5	66.0	62.2r	63.3
Sense of Diffusion	1.0	1.0	0	0	0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	86.8	58.8	49.1r	48.3r	50.6
Labor	64.0	45.8r	49.2r	45.0r	49.1
Miscellaneous	57.1	53.8	44.9	37.2	45.5
Nonindustrial Subgroups					
Prices	66.0	76.3	73.1	62.2	67.3
Consumer	89.3	77.4	70.5	69.2	68.4
Building	58.3	52.6	52.6	44.9	50.0
Miscellaneous	45.3	65.0	65.8	66.7r	64.5

Note: The principal diffusion index reflects the frequency of upward change in 20 component series over the 12-month period ending in the month indicated. The index is based solely on the direction of change from month to month and not on the magnitude of such changes. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than that of earlier movements. If, for example, ten of the component series had increased and ten had decreased in each of the last twelve months, the current index would register a value of 50. But, because of weighting, the index would be considerably greater than 50, if all the series had increased in each of the last six months and had fallen in each of the first six months of the interval. The index closely coincides with turning points at the peak of a business cycle but tends to lag at troughs. For an explanation of the diffusion indexes and their components, see Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966, pp. 12-15.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1977 May	Aug.	Nov.	1978 Feb.	May	Aug.	Nov.	1979 Feb.	May	Aug.	Nov.
						Score (scale 0-100)					
Measure of Business Confidence	71	59	52	52	58	49	40	43	41	32	32
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	74	62	48	46	60	58	45	47	47	28	29
2. Expectations for Economy, Six Months Ahead	70	56	49	49	54	42	33	36	33	29	29
3. Expectations for Own Industry, Six Months Ahead	69	60	58	59	60	49	43	46	43	38	38

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

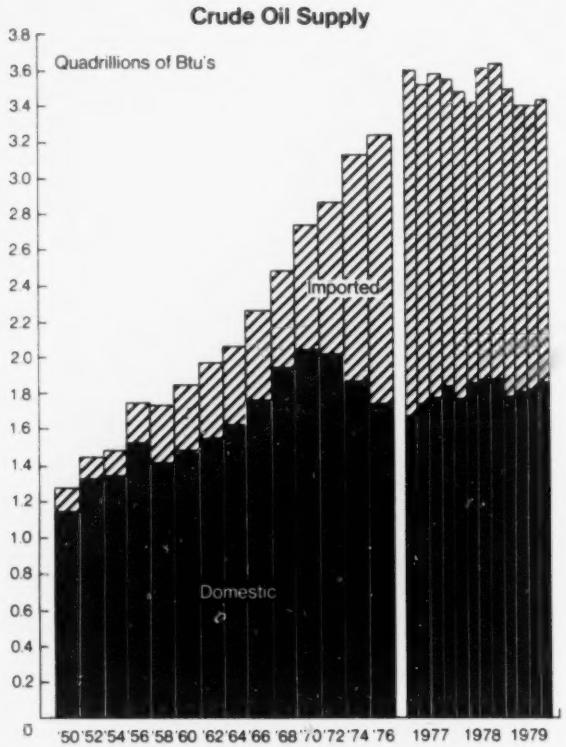
CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

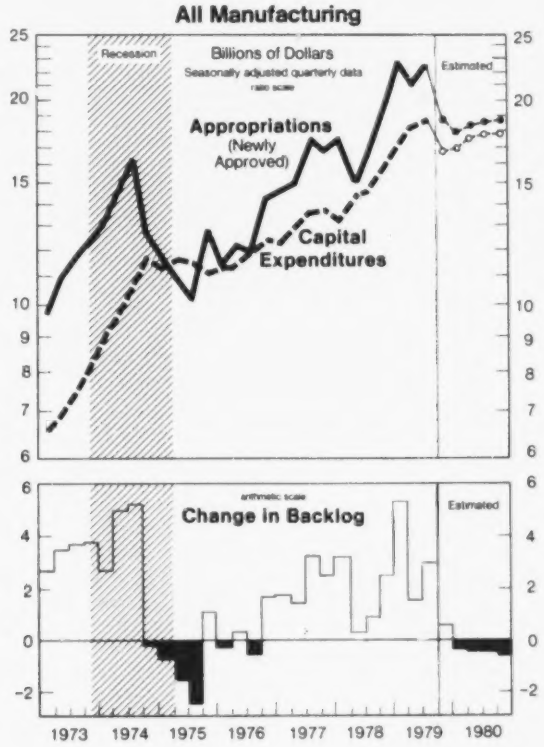
Billions of Dollars, Seasonally Adjusted

	1978			1979			1980				
							PROJECTIONS				
	IIr	IIIr	IVr	Ir	IIr	IIIp	IV	I	II	III	IV
1000 LARGEST MANUFACTURING FIRMS											
Newly approved	15.118	16.174	18.749	22.585	21.033	22.520	18.6	17.8	18.3	18.5	18.6
Capital expenditures	14.367	14.566	15.827	16.648	18.027	18.553	16.7	16.9	17.5	17.7	17.8
Change in appropriations backlog	+0.246	+0.859	+2.593	+5.252	+1.468	+3.579	+0.5	−0.3	−0.4	−0.4	−0.5
Durable Goods											
Newly approved	7.456	8.443	9.869	11.114	10.672	9.992	8.6	8.7	8.4	7.7	7.4
Capital expenditures	6.503	6.689	7.165	7.793	8.379	8.982	8.1	8.3	8.3	8.2	7.8
Change in appropriations backlog	+0.730	+1.495	+2.676	+3.149	+1.970	+0.908					
Nondurable Goods											
Newly approved	7.662	7.731	8.880	11.471	10.361	12.528	10.0	9.1	10.0	10.8	11.3
Capital expenditures	7.864	7.877	8.662	8.855	9.648	9.571	8.6	8.6	9.2	9.6	10.0
Change in appropriations backlog	−0.484	−0.636	−0.083	+2.103	−0.502	+2.671					
ELECTRIC & GAS UTILITIES											
Appropriations	5.765	8.719	10.281	7.077	5.773	12.635					
Capital expenditures	6.283	6.514	7.025	7.173	7.120	7.237					
Change in appropriations backlog	−1.242	−3.185	+2.471	−3.601	−3.944	+4.762					

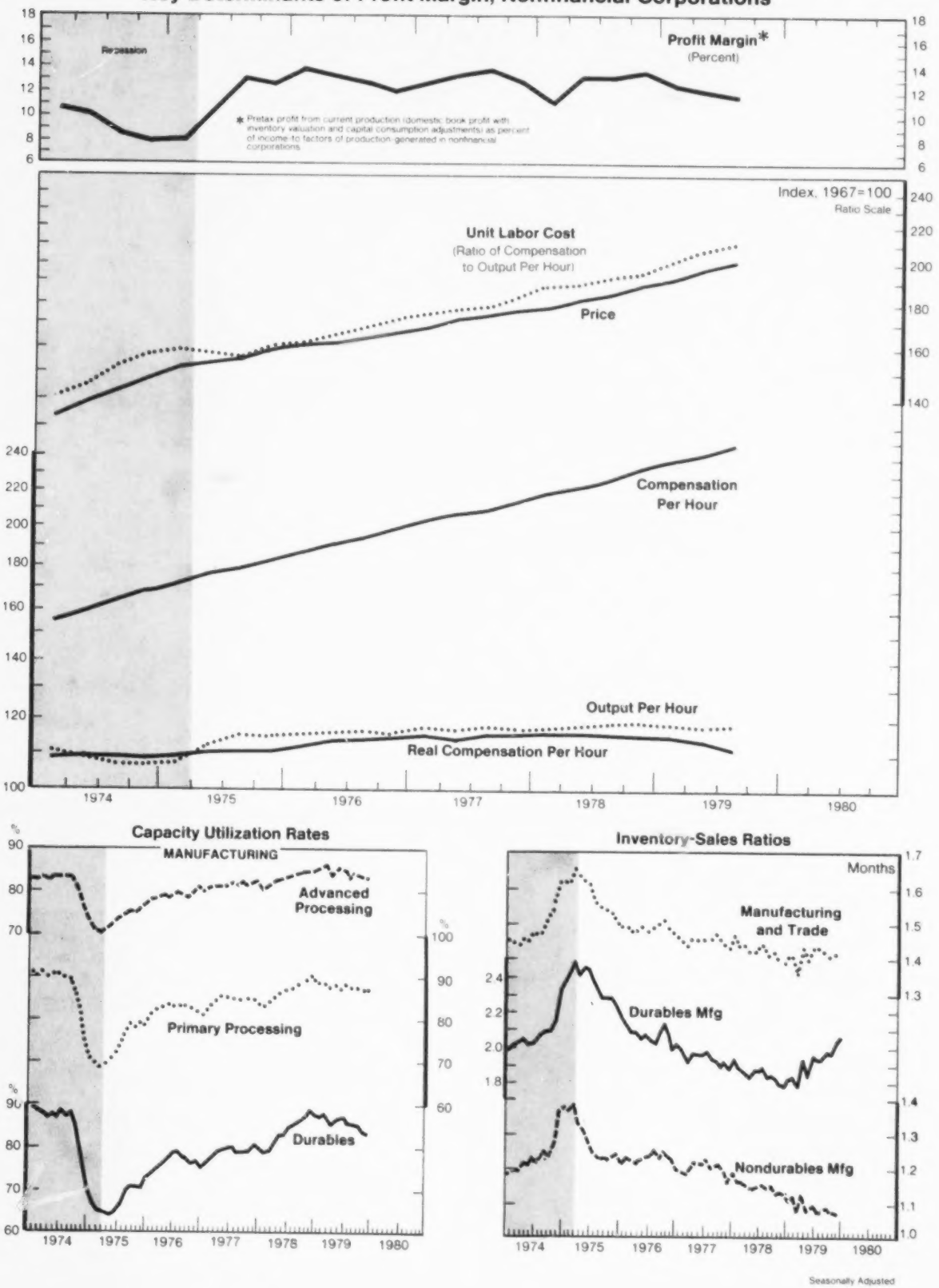
Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request. Projections are based on The Conference Board's capital appropriations forecasting model.

r—revised p—preliminary





Key Determinants of Profit Margin, Nonfinancial Corporations



ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[3]		Merrill Lynch Economics Inc.[1]		Kent Economic Institute[1]		Michigan Research Seminar in Quantitative Economics[2]	
Date of Forecast			Dec., 1979		Jan., 1980		Jan., 1980		Nov., 1979	
			Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change
Gross National Product Current Dollars										
Actual	**1979**	**IV**			**$2455.8**	**10.3%**	**$2455.8**	**10.3%**		
Forecast	1980	I	$2450.7	2.6%	2496.1	8.7	2513.7	9.8	$2500.0	8.3%
		II	2484.2	5.6	2515.1	3.1	2588.2	12.4	2543.0	7.1
		III	2537.3	8.8	2549.8	5.6	2673.5	13.8	2589.9	7.6
		IV	2603.1	10.8	2615.4	10.7	2751.5	12.2	2649.4	9.5
	1981	I	2680.5	12.4	2696.9	13.1	2771.3	2.9	2706.8	8.9
		II	2763.6	13.0	2775.5	12.2	2863.5	14.0	2771.1	9.9
		III	2848.9	12.9	2865.4	13.6	2976.6	16.8		
		IV	2945.2	14.2	2954.3	13.0	3072.3	13.5		
	1979	**Annual**			**2368.5**	**11.3**	**2368.5**	**11.3**		
	1980	Annual	2518.8	6.6	2544.1	7.4	2631.7	11.1	2570.6	8.6
	1981	Annual	2809.5	11.5	2823.0	11.0	2920.9	11.0		
Gross National Product Constant (1972) Dollars										
Actual	**1979**	**IV**			**$1438.4**	**1.4%**	**$1438.4**	**1.4%**		
Forecast	1980	I	$1406.6	−5.0%	1430.1	−2.3	1436.4	−0.8	$1428.1	−0.9%
		II	1397.2	−2.6	1410.9	−5.3	1438.7	0.8	1424.1	−1.1
		III	1402.2	1.4	1401.0	−2.8	1446.7	2.2	1422.8	−0.3
		IV	1410.5	2.4	1409.3	2.4	1454.3	2.1	1425.8	0.8
	1981	I	1425.9	4.4	1424.6	4.4	1460.1	1.6	1428.9	0.9
		II	1443.5	5.0	1438.6	4.0	1476.8	4.7	1434.9	1.7
		III	1460.5	4.8	1457.2	5.3	1489.8	3.6		
		IV	1478.5	5.0	1474.0	4.7	1501.6	3.2		
	1979	**Annual**			**1431.1**	**2.3**	**1431.1**	**2.3**		
	1980	Annual	1404.1	−1.7	1412.8	−1.3	1444.0	0.9	1425.2	−0.3
	1981	Annual	1452.1	3.4	1448.6	2.5	1482.1	2.6		
Gross National Product Deflator Index, 1972 = 100										
Actual	**1979**	**IV**			**170.7**	**8.7%**	**170.7**	**8.7%**		
Forecast	1980	I	174.2	7.9%	174.5	9.2	175.0	10.4	175.1	9.3%
		II	177.8	8.5	178.3	8.8	179.9	11.7	178.6	8.3
		III	181.0	7.3	182.0	8.7	184.8	11.4	182.0	8.0
		IV	184.6	8.2	185.6	8.1	189.2	9.9	185.8	8.6
	1981	I	188.0	7.7	189.3	8.3	189.8	1.3	189.4	8.0
		II	191.5	7.6	192.9	7.9	193.9	8.9	193.1	8.0
		III	195.1	7.8	196.6	7.9	199.8	12.7		
		IV	199.2	8.8	200.4	7.9	204.6	10.0		
	1979	**Annual**			**165.5**	**8.9**	**165.5**	**8.9**		
	1980	Annual	179.4	8.4	180.1	8.8	182.2	10.1	180.4	8.9
	1981	Annual	193.4	7.8	194.8	8.2	197.0	8.1		
Unemployment Rate										
Actual	**1979**	**IV**				**5.9%**		**5.9%**		
Forecast	1980	I		6.6%		6.4		6.3		6.4%
		II		7.2		7.2		6.3		6.9
		III		7.6		7.9		6.2		7.3
		IV		8.0		8.3		6.4		7.6
	1981	I		8.2		8.3		6.5		7.9
		II		8.1		8.3		6.2		8.1
		III		8.1		8.0		6.2		
		IV		7.9		7.8		6.1		
	1979	**Annual**				**5.8**		**5.8**		
	1980	Annual		7.3		7.4		6.3		7.1
	1981	Annual		8.1		8.1		6.2		

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary fourth quarter data.

[2]Based on preliminary third quarter data

[3]Based on revised (first revision) third quarter data.

ECONOMIC FORECASTS (continued)

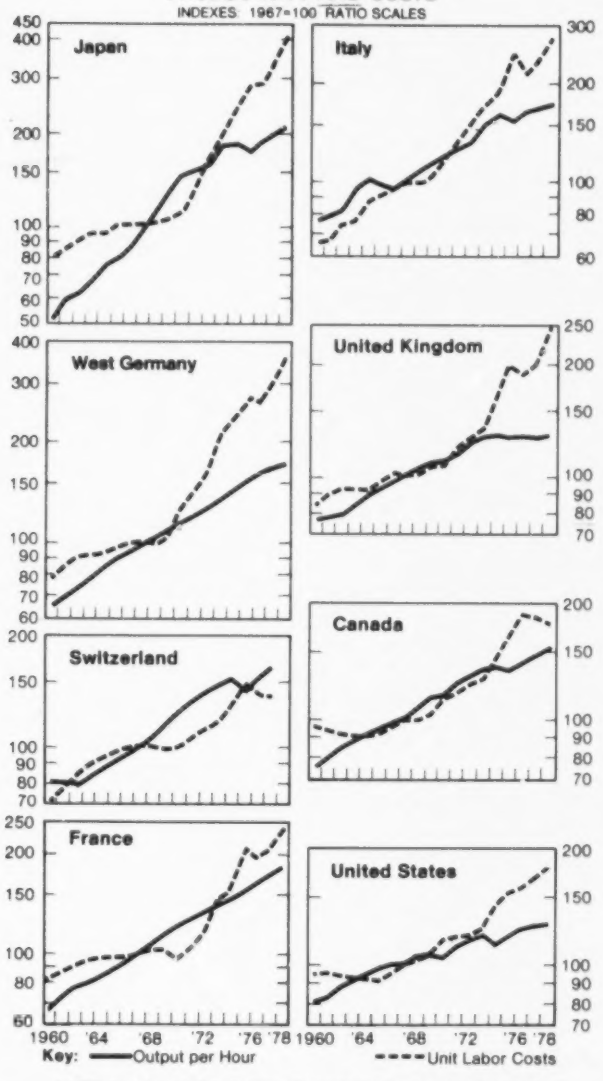
The Conference Board[1]		Chase Econometric Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Jan., 1980		Jan., 1980		Jan., 1980		Jan., 1980				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Current Dollars		
$2455.8	**10.3%**	**$2455.8**	**10.3%**	**$2455.8**	**10.3%**	**$2455.8**	**10.3%**	**IV**	**1979**	**Actual**
2518.0	10.5	2488.5	5.4	2505.3	8.3	2503.6	8.0	I	1980	Forecast
2581.0	10.4	2508.6	3.3	2541.1	5.8	2546.9	7.1	II		
2665.0	13.7	2546.6	6.2	2579.8	6.2	2597.8	8.2	III		
2740.0	11.7	2619.3	11.9	2647.5	10.9	2657.8	9.6	IV		
2813.0	11.1	2697.4	12.5	2735.9	14.0	2727.9	11.0	I	1981	
2888.0	11.1	2780.1	12.8	2828.8	14.3	2793.6	10.0	II		
2955.0	9.6	2855.6	11.3	2930.5	15.2	2862.5	10.2	III		
3024.0	9.7	2938.4	12.1	3035.6	15.1	2935.7	10.6	IV		
2368.5	**11.3**	**2368.5**	**11.3**	**2368.5**	**11.3**	**2368.5**	**11.3**	**Annual**	**1979**	
2626.0	10.9	2540.7	7.3	2568.4	8.4	2576.5	8.8	Annual	1980	
2920.0	11.2	2817.9	10.9	2882.7	12.2	2829.9	9.8	Annual	1981	
								Gross National Product Constant (1972) Dollars		
$1438.4	**1.4%**	**$1438.4**	**1.4%**	**$1438.4**	**1.4%**	**$1438.4**	**1.4%**	**IV**	**1979**	**Actual**
1442.0	1.0	1424.9	−3.7	1435.2	−0.9	1432.4	−1.7	I	1980	Forecast
1448.4	1.8	1409.8	−4.2	1422.4	−3.5	1428.8	−1.0	II		
1464.4	4.5	1405.2	−1.3	1412.1	−2.9	1430.1	0.4	III		
1476.0	3.2	1416.0	3.1	1415.8	1.1	1432.1	0.6	IV		
1487.1	3.0	1428.3	3.5	1430.5	4.2	1439.3	2.0	I	1981	
1498.3	3.0	1439.8	3.3	1447.0	4.7	1446.9	2.1	II		
1505.6	2.0	1450.8	3.1	1466.5	5.5	1456.5	2.7	III		
1513.1	2.0	1463.2	3.5	1483.8	4.8	1465.7	2.6	IV		
1431.1	**2.3**	**1431.1**	**2.3**	**1431.1**	**2.3**	**1431.1**	**2.3**	**Annual**	**1979**	
1457.7	1.9	1414.0	−1.2	1421.4	−0.7	1430.8	0.0	Annual	1980	
1501.0	3.0	1445.5	2.2	1456.9	2.5	1452.1	1.5	Annual	1981	
								Gross National Product Deflator Index, 1972 = 100		
170.7	**8.7%**	**170.7**	**8.7%**	**170.7**	**8.7%**	**170.7**	**8.7%**	**IV**	**1979**	**Actual**
174.6	9.4	174.6	9.5	174.6	9.3	174.8	9.8	I	1980	Forecast
178.2	8.5	177.9	7.8	178.6	9.7	178.3	8.2	II		
182.0	8.8	181.2	7.6	182.7	9.4	181.7	7.8	III		
185.6	8.3	185.0	8.5	187.0	9.8	185.6	9.0	IV		
189.2	7.6	188.9	8.6	191.3	9.4	189.5	8.6	I	1981	
192.8	7.8	193.1	9.3	195.5	9.2	193.1	7.7	II		
196.3	7.5	196.8	8.0	199.8	9.2	196.5	7.4	III		
199.9	7.5	200.8	8.4	204.6	9.9	200.3	7.9	IV		
165.5	**8.9**	**165.5**	**8.9**	**165.5**	**8.9**	**165.5**	**8.9**	**Annual**	**1979**	
180.1	8.8	179.7	8.6	180.7	9.2	180.1	8.8	Annual	1980	
194.5	8.0	194.9	8.5	197.8	9.4	194.9	8.2	Annual	1981	
								Unemployment Rate		
	5.9%		**5.9%**		**5.9%**		**5.9%**	**IV**	**1979**	**Actual**
	6.3		6.4		6.1		6.3	I	1980	Forecast
	6.6		7.1		6.5		6.7	II		
	6.5		7.6		7.0		7.1	III		
	6.4		7.9		7.4		7.5	IV		
	6.3		7.9		7.6		7.6	I	1981	
	6.2		7.8		7.6		7.7	II		
	6.2		7.7		7.4		7.8	III		
	6.2		7.6		7.3		7.8	IV		
	5.8		**5.8**		**5.8**		**5.8**	**Annual**	**1979**	
	6.4		7.2		6.8		6.9	Annual	1980	
	6.2		7.7		7.5		7.7	Annual	1981	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on line through The Conference Board Data Base. For more information, contact Linette Stein or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

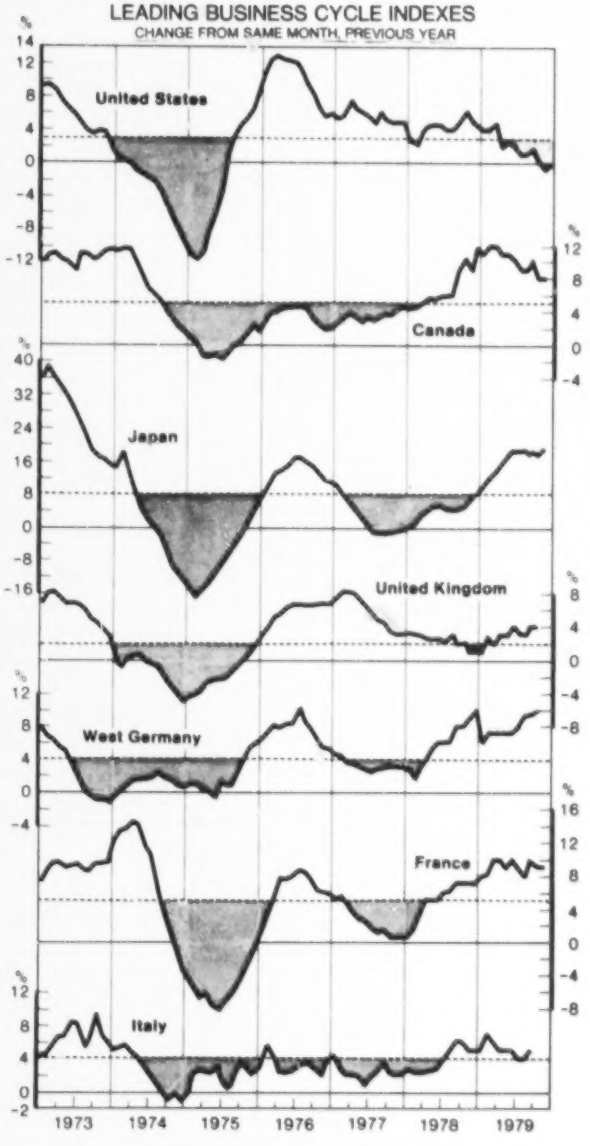
PRODUCTIVITY AND COSTS

INDEXES: 1967=100 RATIO SCALES

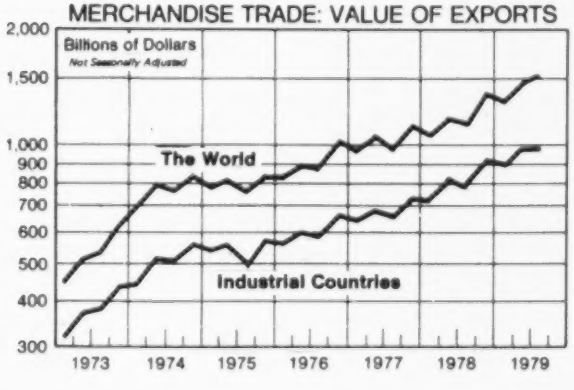


LEADING BUSINESS CYCLE INDEXES

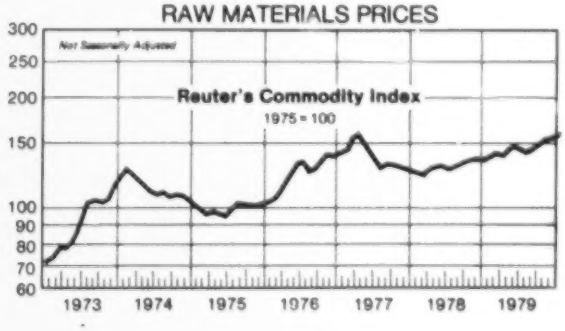
CHANGE FROM SAME MONTH, PREVIOUS YEAR



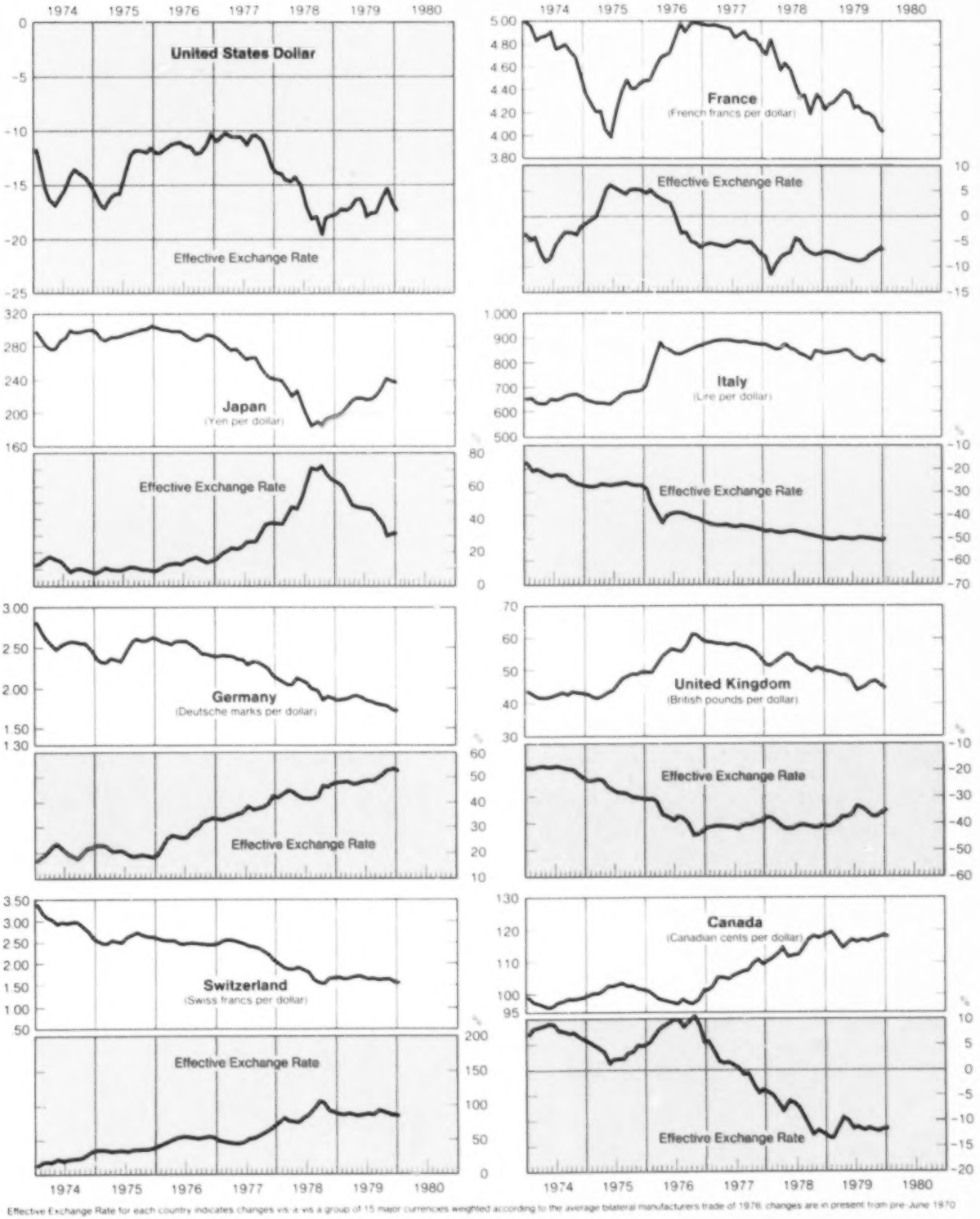
MERCHANDISE TRADE: VALUE OF EXPORTS



RAW MATERIALS PRICES



FOREIGN EXCHANGE RATES



Effective Exchange Rate for each country indicates changes vis-à-vis a group of 15 major currencies weighted according to the average bilateral manufacturers trade of 1976; changes are in present from pre-June 1970 parities based on monthly averages of daily rates.

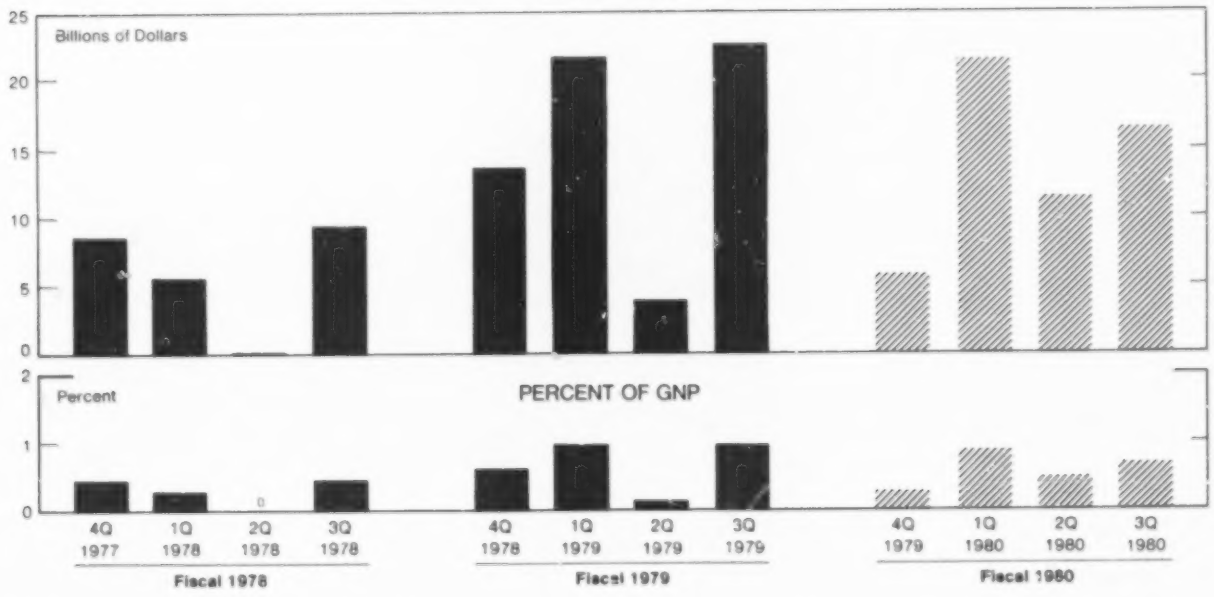
Source: Morgan Guaranty Trust

PERSPECTIVE ON THE FEDERAL BUDGET
($ Billions)

	Fiscal 1979		Fiscal 1980		Fiscal 1981	
	Current Services (1/23/78)	Actual (1/28/80)	Current Services (1/22/79)	Revised President's Proposal (1/28/80)	Current Services (1/28/80)	Initial Proposal (1/28/80)
Receipts	**$463.8**	**$465.9**	**$504.5**	**$523.8**	**579.0**	**600.0**
Outlays	**492.4**	**493.7**	**536.1**	**563.6**	**612.0**	**615.8**
Deficit	**−28.5**	**−27.7**	**−31.6**	**−39.8**	**−33.0**	**−15.8**
Receipts by source	**463.8**	**465.9**	**504.5**	**523.8**	**579.0**	**600.0**
Individual income taxes	214.0	217.8	229.6	238.7	273.3	274.4
Corporate income taxes	68.8	65.7	71.0	72.3	74.7	71.6
Social insurance	142.5	141.6	161.2	162.2	186.0	187.4
Other receipts	38.5	40.8	42.7	50.6	45.0	66.6
Outlays by function	**492.4**	**493.7**	**536.1**	**563.6**	**612.0**	**615.8**
Income security	159.2	160.2	179.5	190.9	219.9	220.0
National defense	116.8	117.7	125.5	130.4	142.4	146.2
Health	50.3	49.6	55.1	56.6	63.4	62.4
Education and manpower	29.4	29.7	31.0	30.7	32.5	32.0
Veterans' benefits	18.9	19.9	20.4	20.8	21.7	21.7
Transportation	17.1	17.5	18.0	19.6	20.1	20.2
Natural resources and environment	12.0	12.1	11.8	12.8	12.8	12.8
Revenue sharing	9.5	8.4	9.2	8.7	8.5	9.6
International affairs	7.4	6.1	7.9	10.4	9.6	9.6
Community development	8.5	9.5	7.2	8.5	8.5	8.8
Energy	7.6	6.9	8.0	7.8	7.1	8.1
General science	5.1	5.0	5.4	5.9	6.3	6.4
General government	4.2	4.2	4.2	4.9	4.9	4.9
Justice	4.1	4.2	4.3	4.5	4.7	4.7
Agriculture	5.5	6.2	5.0	4.6	3.2	2.8
Commerce and housing credit	3.1	2.6	3.4	5.5	0.8	0.7
Interest	48.7	52.6	57.1	63.3	68.4	67.2
Allowances	1.1	—	2.1	0.1	2.4	2.6
Undistributed offsetting receipts	−16.1	−18.5	−19.0	−22.3	−25.1	−25.2

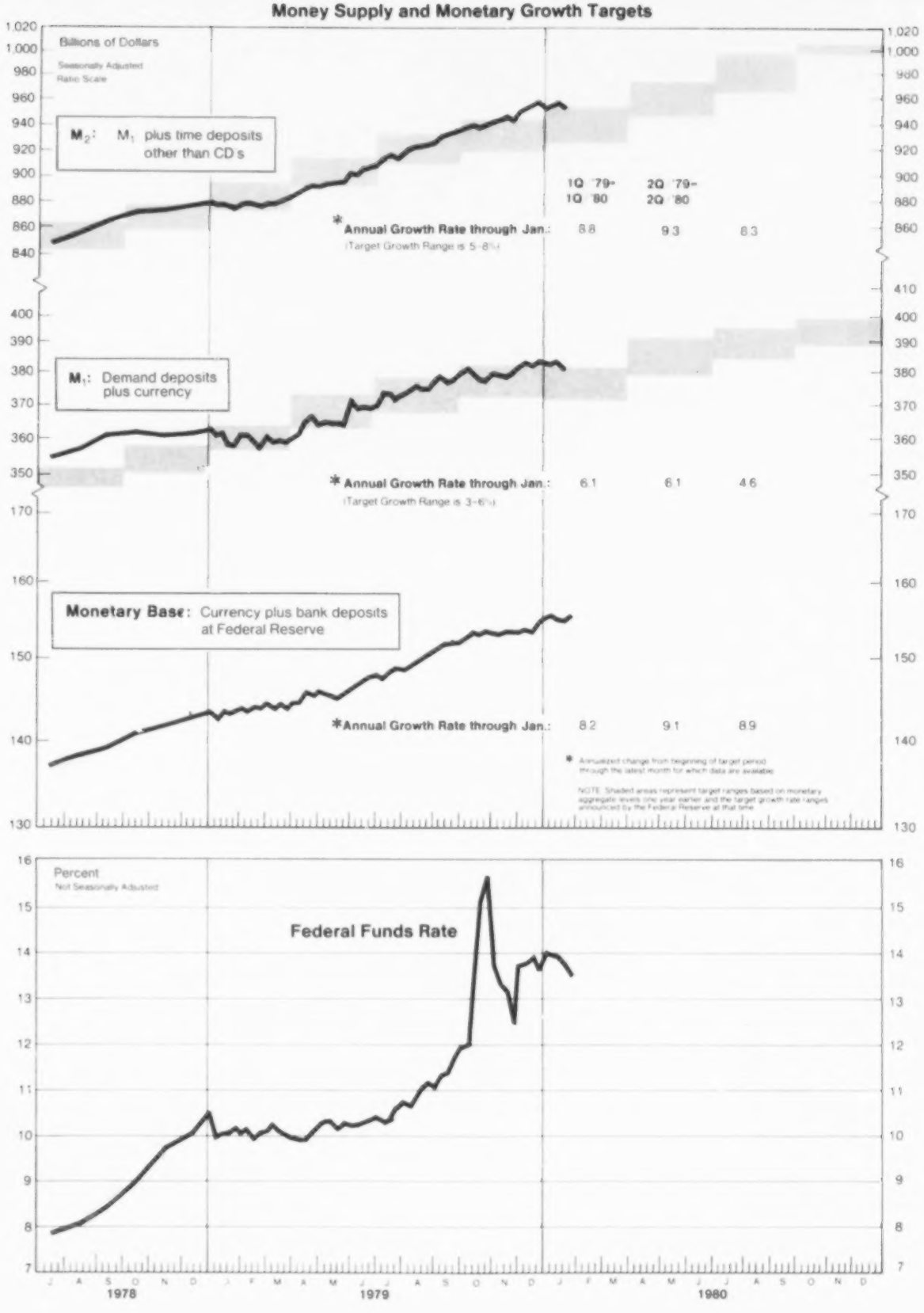
Sources: Office of Management and Budget; Congressional Budget Office

Fiscal Thrust



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy: Fiscal 1977*, No. 2, The Conference Board, New York, 1976.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
M2: M1 plus time deposits other than CD's
1Q '79-1Q '80
2Q '79-2Q '80
*Annual Growth Rate through Jan.: 8.8 9.3 8.3
(Target Growth Range is 5-8%)
M1: Demand deposits plus currency
*Annual Growth Rate through Jan.: 6.1 6.1 4.6
(Target Growth Range is 3-6%)
Monetary Base: Currency plus bank deposits at Federal Reserve
*Annual Growth Rate through Jan.: 8.2 9.1 8.9
* Annualized change from beginning of target period through the latest month for which data are available
NOTE: Shaded areas represent target ranges based on monetary aggregate levels one year earlier and the target growth rate ranges announced by the Federal Reserve at that time.
Percent
Not Seasonally Adjusted
Federal Funds Rate
1978
1979
1980

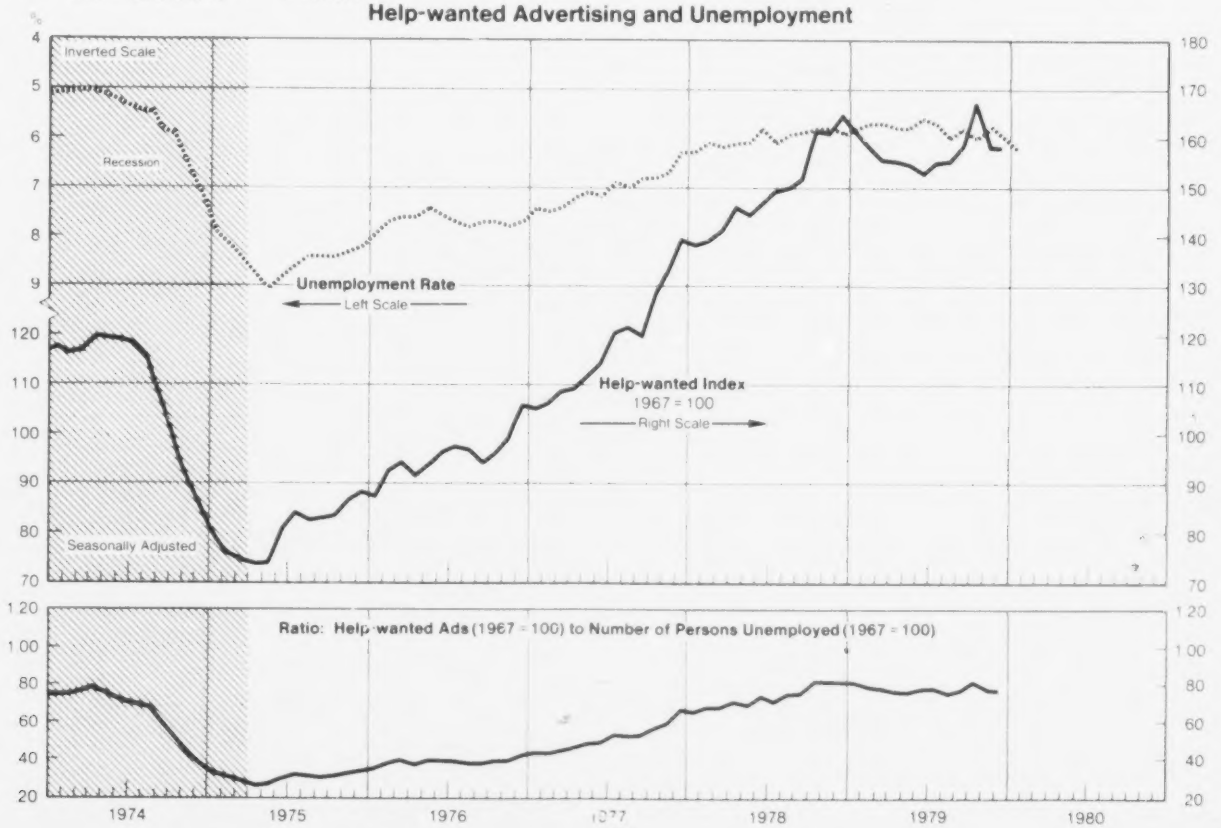
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	Dec.	1979 Nov.	Oct.	1978 Dec.
Total Index 51 papers	158	158r	167	165
New England	150	143r	149	144
Boston	156	149	156	142
Hartford	177	167	171	153
Providence	106	102r	104	145
Middle Atlantic	73	71	75	75
Albany	105	104	117	107
Allentown	141	146	177	172
New York	60	59	61	61
Philadelphia	71	69	70	69
Pittsburgh	104	94	101	110
Rochester	76	83	88	79
Syracuse	105	103	95	104
East North Central	113	111	116	138
Chicago	115	111	115	125
Cincinnati	160	155	166	193
Cleveland	100	100	106	131
Columbus	165	153	155	186
Dayton	94	97	99	114
Detroit	80	76	83	119
Gary	149	163r	153	190
Indianapolis	128	134	137	165
Milwaukee	n.a.	112	122	144
Toledo	131	130	138	170
West North Central	120	129	136	149
Kansas City	150	151	159	195
Minneapolis	164	161	167	164
Omaha	143	151	171	173r
St. Louis	53	78	83	n.a.
South Atlantic	160	166	172	161
Atlanta	250	259	265	242
Baltimore	109	108	114	117
Charlotte	140	139	150	143
Jacksonville	134	132	127	131
Miami	161	173	184	167
Richmond	112	102	103	120
Washington, D.C.	157	172	178	158
East South Central	157	156	159	175
Birmingham	177	182	176	197
Knoxville	228	233	246	233
Louisville	106	98	106	134
Memphis	125	121	131	121
Nashville	194	192	187	225
West South Central	321	311	330	322
Dallas	277	278	303	283
Houston	490	474	481	471
New Orleans	n.a.	187	216	212
Oklahoma City	253	242	249	266
San Antonio	183	182	217	186
Tulsa	n.a.	225	254	280
Mountain	369	374	424	399
Denver	302	296	364	334
Phoenix	422	424	470	404
Salt Lake City	423	456	475	517
Pacific	232	235	248	213
Los Angeles	209	207	219	193
Sacramento	315	325	329	310
San Bernardino	192	193	193	167
San Diego	361	385	419	335
San Francisco	223	230	239	192
Seattle	251	259	275	249
Percentage of papers with rising volume	55%	10%	75% r	69%
Unemployment rate	5.9%	5.8%	6.0%	5.9%

Note: For definitions and method, see Norean Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
n.a.—not available r—revised

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100

Monthly beginning July 1977; bimonthly before that date

Consumer Confidence Index

	Jan	Feb	Mar.	Apr	May	June	July	Aug.	Sept	Oct	Nov	Dec
1977	90.3		85.2		89.2		88.7	89.7	87.6	86.9	90.1	99.8
1978	105.2	103.8	97.3	96.9	88.8	92.5	88.8	91.4	95.4	101.4	91.8	94.0
1979	94.0	94.1	85.8	81.5	79.5	76.8	67.1	64.9	76.8	85.1	85.1	83.5r

Buying Plans Index

1977	113.8		110.2		121.8		128.7	133.4	117.7	121.3	124.5	136.9
1978	134.3	120.7	124.3	109.5	97.1	121.7	91.2	104.0	104.2	116.9	106.4	103.1
1979	95.8	116.3	115.6	101.2	93.8	96.2	91.2	98.0	120.3	127.9	116.2	108.3p

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

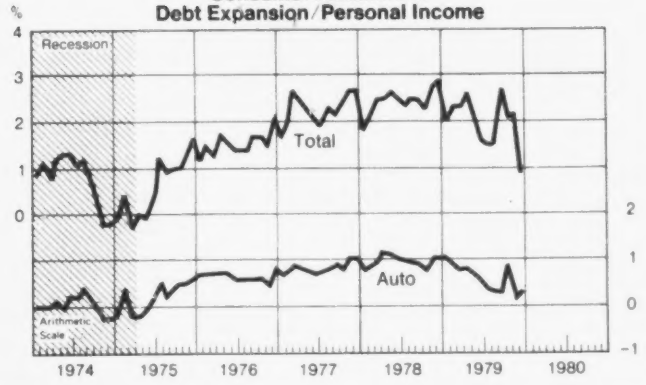
Billions of Dollars; Quarterly Data are Seasonally Adjusted at Annual Rates

		Aggregate Purchasing Power	Discretionary Purchasing Power	Discretionary Saving	Discretionary Spending	Discretionary Purchasing Power as % of Aggregate	Discretionary Spending as % of Aggregate	Discretionary Spending as % of Discretionary Purchasing Power
1975	I	$1075.2	$399.5	$ 67.5	$332.0	37.2%	30.9%	83.1%
	II	1155.6	469.7	125.2	344.5	40.6	29.8	73.3
	III	1160.5	453.4	125.8	327.6	39.1	28.2	72.3
	IV	1220.9	485.4	118.8	366.6	39.8	30.0	75.5
1976	I	1258.3	499.9	133.5	366.4	39.7	29.1	73.3
	II	1288.1	507.0	120.3	386.7	39.4	30.0	76.3
	III	1308.4	514.5	125.5	389.0	39.3	29.7	75.6
	IV	1343.4	533.7	118.2	415.5	39.7	30.9	77.9
1977	I	1394.3	560.4	139.4	421.0	40.2	30.2	75.1
	IIr	1432.2	583.3	143.2	440.1	40.7	30.7	75.4
	IIIr	1520.5	602.0	171.0	431.0	39.6	28.3	71.6
	IVr	1526.1	624.9	146.1	478.8	40.9	31.4	76.6
1978	Ir	1559.9	648.3	141.4	506.9	41.6	32.5	78.2
	IIr	1633.1	680.8	176.8	504.0	41.7	30.9	74.0
	IIIr	1672.4	693.1	184.2	508.9	41.4	30.4	73.4
	IVr	1701.4	690.9	150.3	540.6	40.6	31.8	78.2
1979	Ip	1746.1	712.2	149.5	562.7	40.8	32.2	79.0

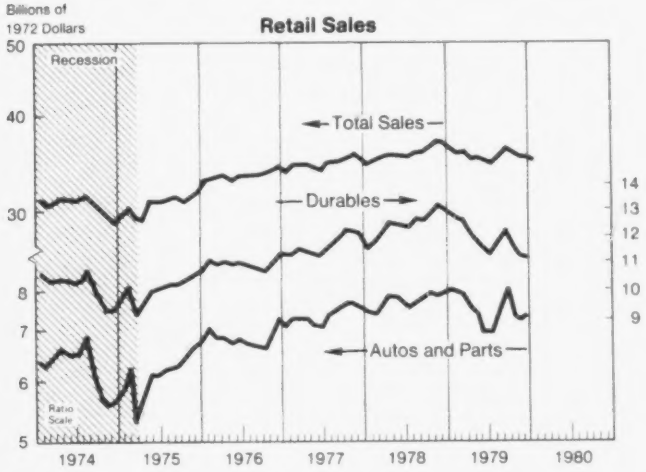
Note: For an explanation of discretionary purchasing power and spending, see Morton Ehrlich, *Discretionary Spending*, (The Conference Board, 1966).

P—Preliminary R—Revised

Consumer Installment Debt Expansion / Personal Income



Retail Sales



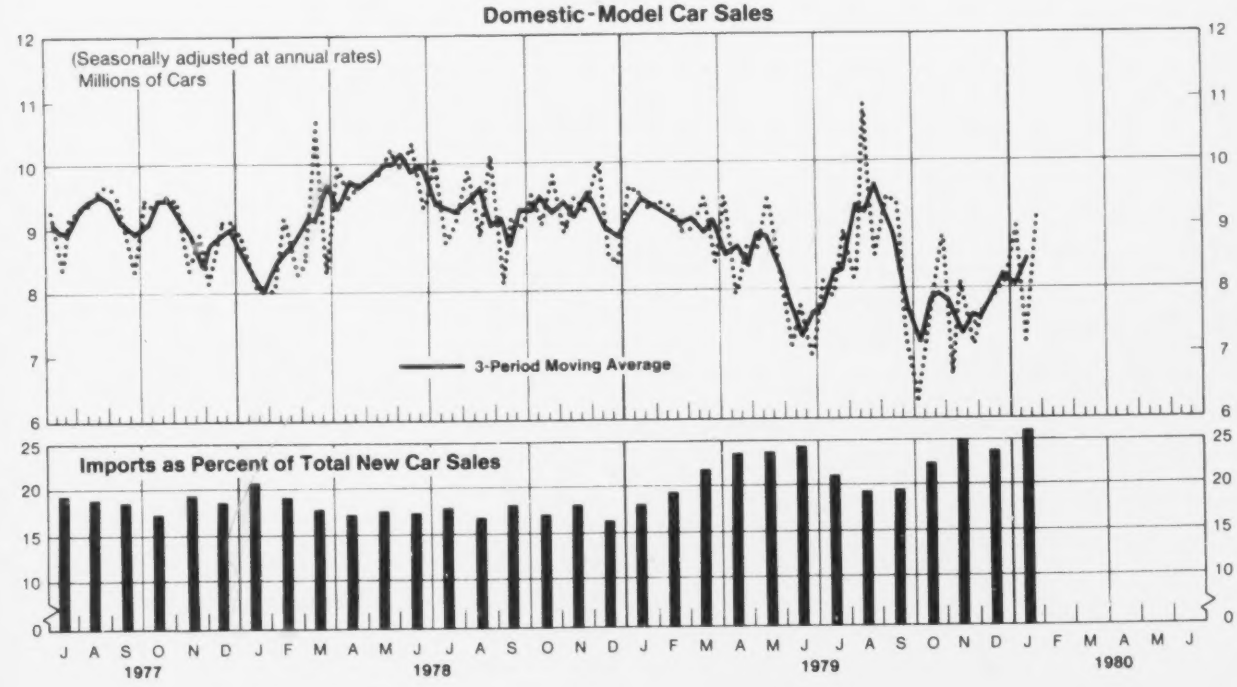
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1977	1978	1979	1980
January:	1-10	9.25	8.86	9.60	8.97
	11-20	9.51	8.03	9.55	7.19
	21-31	8.68	8.03	9.11	9.23
February:	1-10	9.83	8.00	9.35	
	11-20	8.20	9.15	9.27	
	21-28(29)	9.10	8.35	8.94	
March:	1-10	9.86	8.49	8.95	
	11-20	7.81	10.62	9.44	
	21-31	9.69	8.32	8.45	
April:	1-10	7.88	9.96	9.41	
	11-20	9.25	9.44	7.90	
	21-30	9.00	9.64	8.61	
May:	1-10	9.21	9.72	8.63	
	11-20	8.84	9.85	9.44	
	21-31	9.04	10.22	8.42	
June:	1-10	9.75	9.94	7.12	
	11-20	9.31	10.38	7.70	
	21-30	9.60	9.36	6.93	
July:	1-10	9.25	10.04	8.16	
	11-20	8.30	8.69	7.87	
	21-31	9.18	9.15	8.94	
August:	1-10	9.26	9.89	8.17	
	11-20	9.38	8.89	10.88	
	21-31	9.62	10.07	8.57	
September:	1-10	9.60	8.14	9.44	
	11-20	9.14	9.07	9.34	
	21-30	8.31	9.02	7.26	
October:	1-10	9.45	9.57	6.24	
	11-20	9.31	9.08	8.04	
	21-31	9.50	9.82	8.64	
November:	1-10	9.46	8.92	6.65	
	11-20	8.34	9.44	8.07	
	21-30	8.91	9.24	7.08	
December:	1-10	8.06	10.00	7.63	
	11-20	9.07	8.57	7.83	
	21-31	9.07	8.41	8.06	

Note: Dealer sales exclude exports and imported foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board.

Domestic-Model Car Sales


(Seasonally adjusted at annual rates)
Millions of Cars
3-Period Moving Average
Imports as Percent of Total New Car Sales
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1977
1978
1979
1980